DOCUMENT RESUME

ED 398 422 CE 072 289

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TITLE	Acquiring Skills: Market Failures, Their Symptoms and Policy Responses.
REPORT NO	ISBN-0-521-47205-9
PUB DATE	96
NOTE	354p.
AVAILABLE FROM	Cambridge University Press, 40 West 20th Street, New York, NY 10011-4211 (hardback: ISBN-0-521-47205-9; paperback: ISBN-0-521-47957-6).
PUB TYPE	Books (010)
EDRS PRICE	Document Not Available from EDRS.
DESCRIPTORS	Adult Education; Apprenticeships; Developed Nations; Employment Patterns; Foreign Countries; Human Capital; *Job Skills; *Job Training; Labor Economics; *Labor Force Development; *Labor Market; Postsecondary Education; Public Policy; Technological Advancement; *Unemployment
IDENTIFIERS	Europe

ABSTRACT

This book provides a systematic account of the causes, consequences, and policy implications of failure in training provision and skills acquisition in the industrial world. "Introduction" (Alison L. Booth, Dennis J. Snower) summarizes the contents. "Transferable Training and Poaching Externalities" (Margaret Stevens) shows how firms' opportunities to poach trained employees generally leads to under-investment in skills. "Credit Constraints, Investment Externalities, and Growth" (Daron Acemoglu) focuses on market failures in skill acquisition arising from credit constraints and imperfectly competitive wage determination combined with complementarities between labor and capital. "Education and Matching Externalities" (Kenneth Burdett, Eric Smith) presents a coherent treatment of the simultaneous education, labor supply, and income determination processes. "Dynamic Competition for Market Share and the Failure of the Market for Skilled Labor" (David Ulph) examines the market failures in skill acquisition arising from the interaction between skills and innovative success. "The Low-Skill, Bad-Job Trap" (Dennis J. Snower) analyzes how a sector of the economy can fall into such a trap, characterized by a vicious cycle of low productivity, deficient training, and deficient skilled jobs. "Changes in the Relative Demand for Skills" (Stephen Machin) provides evidence of a large shift toward employment of skilled people at the expense of unskilled people. "Skill Shortages, Productivity Growth, and Wage Inflation" (Jonathan Haskel, Christopher Martin) provides empirical evidence on the effects of the skills gap on productivity growth and wage inflation. "Workforce Skills, Product Quality, and Economic Performance" (Geoff Mason et al.) provides some evidence of a "low-skill, bad-job trap" that could arise from the externalities generated by the creation of skills and skilled vacancies, the interaction between innovative performance and skills, and the complementarities between labor and capital. "Workforce Skills and Export Competitiveness" (Nicholas Oulton) considers the implications of skills gaps for export performance. "Market Failure and Government Failure in Skills Investment" (David Finegold) gives an overview of the salient failures that must be compared before policy

prescriptions can be formulated. "Training Implications of Regulation Compliance and Business Cycles" (Alan Felstead, Francis Green) argues that training may do little to improve work force skills when it is undertaken in response to government regulations or occupational requirements. "On Apprenticeship Qualifications and Labour Mobility" (Alison L. Booth, Stephen Satchell) analyzes the effect of apprenticeships on employment duration. "Evaluating the Assumptions that Underlie Training Policy" (Ewart Keep, Ken Mayhew) explores the policy implications of the clash between official perceptions and reality. "Conclusions: Government Policy To Promote the Acquisition of Skills" (Dennis J. Snower, Alison L. Booth)

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